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*Attorneys for Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**SECOND SUPPLEMENTAL DECLARATION OF MICHAEL D. SIROTA, ESQ. IN
SUPPORT OF DEBTORS' APPLICATION FOR ENTRY OF AN ORDER
AUTHORIZING THE EMPLOYMENT AND RETENTION OF
COLE SCHOTZ P.C. AS NEW JERSEY COUNSEL TO THE
DEBTORS *NUNC PRO TUNC* TO THE PETITION DATE**

I, MICHAEL D. SIROTA, ESQ. pursuant to 28 U.S.C. § 1746, declare under penalty of
perjury:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A)); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

1. I am an attorney at law and shareholder of the law firm of Cole Schotz P.C. (“**Cole Schotz**”). Cole Schotz is a law firm of over 170 attorneys, having its principal offices at Court Plaza North, 25 Main Street, Hackensack, New Jersey 07601, with other offices in New York, Delaware, Maryland, Texas, and Florida. This Second Supplemental Declaration (the “**Second Supplemental Declaration**”) is submitted pursuant to sections 327, 329, and 504 of the Bankruptcy Code, Rule 2014(a) of the Bankruptcy Rules, and Local Rule 2014-1.

2. I submit this Second Supplemental Declaration in support of the *Debtors’ Application for Entry of an Order Authorizing the Employment and Retention of Cole Schotz P.C. as New Jersey Counsel to the Debtors Nunc Pro Tunc to the Petition Date* [Docket No. 135] (the “**Application**”)² and the *Order Approving the Employment and Retention of Cole Schotz P.C. as New Jersey Counsel to the Debtors Nunc Pro Tunc to the Petition Date* [Docket No. 392] (the “**Order**”).

3. I am familiar with the matters set forth herein and make this Second Supplemental Declaration to supplement the disclosures set forth in my prior declarations in accordance with Bankruptcy Rules 2014(a) and 2016(b).

4. Cole Schotz has searched its electronic database of representations for connections to parties in interest in these Chapter 11 Cases. Certain connections were disclosed in the prior declarations Cole Schotz submitted in support of the Application. Since the Petition Date, Cole Schotz has updated those conflicts searches and has searched additional parties as Cole Schotz became aware of additional parties in interest in these Chapter 11 Cases. In addition to the entities searched and disclosed in its prior declarations, Cole Schotz searched its electronic database for

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Application.

the entities listed on **Schedule 1(a)–1(f)**, attached hereto. The following is a list of the categories that Cole Schotz has searched:

<u>Schedule</u>	<u>Category</u>
1(a)	Ad Hoc Committee Members
1(b)	Banks
1(c)	Non-Debtor Professionals
1(d)	Notice of Appearance Parties
1(e)	Potential M&A Counterparties
1(f)	Reed Smith Ad Hoc Committee

5. Separately, pursuant to the Debtors’ *Motion for Entry of an Order Authorizing the Debtors to File Under Seal the Names of Certain Confidential Parties in Interest Related to the Debtors’ Professional Retention Applications* [Docket No. 127] (the “**Motion to Seal**”), and to avoid prejudicing the Debtors’ sale processes, the Debtors redacted the names of “Potential M&A Counterparties” in each of their prior declarations. On March 24, 2023, the Bankruptcy Court entered an *Order (I) Approving the Sale of Certain of the Debtors’ Self-Mining Assets Free and Clear of All Claims, Liens, Rights, Interests and Encumbrances, (II) Authorizing the Debtors to Enter Into and Perform Their Obligations Under the Asset Purchase Agreement, and (III) Granting Related Relief* [Docket No. 669] authorizing the sale of certain of the Debtors’ self-mining assets to U.S. Farms & Mining Opportunity Fund LLC (“**U.S. Farms**”).

6. Upon finalizing the sale to U.S. Farms, and the conclusion of the sale process for the Debtors’ self-mining assets, the Debtors entered into an agreement with the United States Trustee for the District of New Jersey to unredact certain Potential M&A Counterparties that related solely to the self-mining asset sale process (the “**Unredacted Potential M&A Counterparties**”). **Schedule 1(g)** contains a list of the Unredacted Potential M&A Counterparties. All of the Unredacted Potential M&A Counterparties, with the exception of “Backbone Mining Solutions” and “AP Capital,” have been previously subject to conflict searches

and disclosure, and are now being unredacted pursuant to an agreement with the United States Trustee.

7. The results of Cole Schotz's conflict searches from the entities included on Schedules 1(a)-(g) are listed on **Schedule 2**.

8. As disclosed on Schedule 2, certain parties in interest in these Chapter 11 Cases are current or former Cole Schotz clients. All current and prior representations of the parties identified on Schedule 2 are in matters unrelated to the Debtors and these Chapter 11 Cases, and Cole Schotz has not represented, nor will Cole Schotz represent, any of these parties or any of their affiliates in any matter related to these Chapter 11 Cases.

9. Of the entities listed on **Schedule 2**, none represented more than 1% of Cole Schotz's revenue for the 2022 calendar year.

10. Accordingly, based on the conflicts search conducted to date, to the best of my knowledge and insofar as I have been able to ascertain, I believe that Cole Schotz is (i) a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and does not hold or represent an interest adverse to the Debtors' estates and (ii) has no connection to the Debtors, their creditors or other parties in interest, except as disclosed in my prior declarations and herein.

I hereby declare under the penalty of perjury that the foregoing is true and correct.

Executed on May 24, 2023

/s/ Michael D. Sirota
MICHAEL D. SIROTA

SCHEDULE 1

List of Schedules

<u>Schedule</u>	<u>Category</u>
1(a)	Ad Hoc Committee Members
1(b)	Banks
1(c)	Non-Debtor Professionals
1(d)	Notice of Appearance Parties
1(e)	Potential M&A Counterparties
1(f)	Reed Smith Ad Hoc Committee
1(g)	Unredacted Potential M&A Counterparties

SCHEDULE 1(a)

AD HOC COMMITTEE MEMBERS

[Confidential]

SCHEDULE 1(b)

BANKS

First Citizens Bank
Peapack-Gladstone Bank
Webster Bank

SCHEDULE 1(c)

NON-DEBTOR PROFESSIONALS

Ansell Grimm & Aaron PC

Stevens & Lee PC

Straffi, Daniel E., Jr., Esq.

Wolf, Rifkin, Shapiro, Schulman & Rabkin LLP

SCHEDULE 1(d)

NOTICE OF APPEARANCE PARTIES

Teixeira, Rui Pedro Vaz dos Santos
Towards Equilibrium LLC
[Confidential]

SCHEDULE 1(e)

POTENTIAL M&A COUNTERPARTIES

[Confidential]

SCHEDULE 1(f)

REED SMITH AD HOC COMMITTEE

BCF 2020 Investments LLC
BMB 2020 Investments LLC
FP Equity Investments LLC
[Confidential]

SCHEDULE 1(g)

UNREDACTED POTENTIAL M&A COUNTERPARTIES

AP Capital	Temasek
Apollo Global Management Inc.	Thoma Bravo LP
Ares Management Corp.	Thomas H. Lee Partners LP
Aspen Creek Digital Corp.	US Farms & Mining Inc.
Atlas Technology Group LLC	Vistra Group
Backbone Mining Solutions	
Bain Capital LP	
Baupost Group LLC, The	
Binance US	
Binance.com	
Bitdeer	
BlackRock Inc.	
Blackstone Inc.	
Blue Owl Capital Inc.	
Brevan Howard	
Brigade Capital	
Castlelake	
Centerbridge	
Cerberus Capital Management	
Chicago Atlantic Group LLC	
D.E. Shaw	
Davidson Kempner	
Disrupt Ventures LLC	
Elliott Investment Management	
EQT	
Fortress Investment Group	
Global X Management Co. LLC	
GoldenTree Asset Management LP	
Hudson Bay Capital Management LP	
KKR & Co. Inc.	
KryptoVault	
Luxor Technologies Inc.	
Magnetar Capital LLC	
Marathon Digital Holdings Inc.	
MaxBoring LLC	
Merkle Standard	
Morgan Stanley	
Oak Hill Capital Management LLC	
Oaktree	
Redwood Capital Management LLC	
Silver Point Capital LP	
Sixth Street	
SkyBridge Capital	

SCHEDULE 2

Cole Schotz Disclosures

Name of Entity Searched	Name of Entity and/or Affiliate of Entity that is a Cole Schotz Client	Status of Representation
Ares Management	Dividend Capital Diversified Property Fund, Inc.	Current Client* [†]
Blackrock	Northern Natural Gas Company	Former Client*
Blackstone	Ad Hoc Group of First Lien Lenders of OSG Group Holdings, Inc., et al.	Former Client [†]
Blackstone	Link Logistics	Former Client [†]
EQT	Atwater Capital, LLC	Current Client [†]
Peapack-Gladstone Bank	Peapack-Gladstone Bank	Current Client

* Cole Schotz has an advance waiver permitting it to appear adverse to those clients marked with one asterisk.

[†] Cole Schotz has not been able to determine whether the entity searched is related to the referenced Cole Schotz client and is disclosing this potential relationship out of an abundance of caution.